



DIGIOVINE HNILO JORDAN + JOHNSON LTD.

Certified Public Accountants / Business Consultants

\$ 8,000 First-time Homebuyer Tax Credit



- For qualifying purchases of a “principal residence” within the U.S. made from January 1, 2009 and before December 1, 2009.
- The credit is the lesser of 10% of the purchase price or \$8,000.
- “First-time homebuyer” is any individual (if married, and their spouse) who is a US resident if they had no ownership interest in a home during the three years previous to the day of the purchase.
- Purchases from a relative do not qualify for the credit (siblings, spouse, ancestors and lineal descendants).
- “Purchase date” for homes under construction is the date of occupancy.
- There is **no repayment** of the \$8,000 credit as long as the home continues to be the taxpayer’s principal residence for 36 months from the date of purchase. Exceptions to this are death, divorce settlement or involuntary conversion.
- The credit also does not apply if the taxpayer’s financing is from proceeds of tax-exempt mortgage revenue bonds or if the District of Columbia homebuyer credit is taken for the tax year the residence is purchased.
- The credit phases out for taxpayers with modified adjusted gross incomes between \$75,000 and \$95,000 (\$150,000 - \$170,000 for joint filers).
- This is a “refundable” tax credit (which means it can be used to offset your tax liability with any remaining credit refunded).



How to obtain the credit:

The credit can be claimed on either the 2008 or 2009 tax return.

If the 2008 tax return was previously filed the tax return can be amended to include the credit. If the 2008 tax return was extended, file the 2008 tax return to include the credit.

OR

Claim the credit on the 2009 tax return.

Note: If the 2008 tax credit is limited because of income limitations, taxpayers will need to consider both years to determine which year to take the credit for the greatest benefit.

Any first-time homebuyers who believe they are eligible for all or part of the credit can modify their income tax withholding (through their employers) or adjust their quarterly estimated tax payments in order to reap the benefits prior to the filing of their tax return.

Note: On May 29, 2009, HUD announced that individuals will be able to secure short-term bridge loans to apply the first-time homebuyer credit to their down payment. The home buyer must be using an FHA approved loan. The tax credit can generally not be used to meet the 3.5% minimum down payment required by the FHA.

For more information, please visit www.dhjj.com or call Kara Bourbon at 630-420-1360.